

DATE: October 25, 2011

FROM: Representative Jerry Petrowski

TO: Members of the Assembly Committee on Urban & Local Affairs

I introduced Assembly Bill 279 to provide a degree of flexibility to municipalities applying for expenditure restraint payments (ERP) and to foster cooperation between these municipalities and their school district.

Under current law, expenditure restraint payments are made to municipalities that have a full value property tax rate over 5 mills and restrict their budgetary growth from year-to-year to a statutory formula. This formula excludes certain expenditures made by a municipality, including revenue sharing payments with other municipalities and funds derived from the American Reinvestment and Recovery Act (stimulus money). This year, 388 municipalities had municipal-purpose tax rates in excess of 5 mills. Of these, 321 qualified for the ERP payment. Payments for the ERP are made from a fund whose limit is currently set at \$58,145,700.

This bill would create an additional exception to the ERP formula that would exclude expenditures made by a municipality on behalf of a school district for which it has a shared constituency. Municipal-district agreements are generally common and are currently in use to lower the cost of procuring certain goods in bulk, such as salt for parking lots and sidewalks during the wintertime. These agreements are zero-sum purchases, in that the school district pays its full share for goods it receives, and are cheaper for both the municipality and the school district.

Problems arise, however, when these large purchases do not accurately reflect the actual expenditure made by the municipality when calculating its ERP payment. As a result, some municipalities have faced pressure to discontinue cooperation with its school district in the face of losing needed ERP aid. I do not believe this was the intention of the ERP program. The law should not penalize municipalities for working with its school district(s), especially during these tough economic times when both municipal and school budgets are being tightened.

The technical amendment to this bill makes a simple change in the initial applicability of the proposal from 2011 to 2013. If the bill had allowed additional municipalities to qualify for an ERP payment in 2011, DOR would be required to recalculate payments to 321 municipalities, resulting in their need to repay part of the payment they received in July. Similarly, DOR has already notified municipalities on their expected payments to be received in the summer of 2012.

By extending the initial date to 2013, the amendment allows a municipality to prepare its 2012-2013 budget with this statutory change in mind without affecting the current schedule of payments.

AB 279, re: changes to the expenditure restraint program	
<u>School District</u>	<u>Joint Purchases</u>
Antigo	Routing and crack filling of parking lots, purchase of bulk salt, snow plowing, line striping, new asphalt, catch basin maintenance, heavy equipment operators, engineering services, and sharing of maintenance equipment.
Ashwaubenon	Purchase of gasoline for school vehicles, purchase of bulk salt for sidewalks and parking lots, and purchase of computers.
Elk Mound	Has the village sand parking lots and renting of the baseball and softball fields at the village park (?)
Elkhorn	Purchase of bulk salt for parking lots and sidewalks.
Gresham	Purchase of sand and salt, use of the ball fields, and paving of parking lots.
Luxemburg-Casco	Purchase of sand for parking lots.
Marinette	Purchase of police liaison and crossing guard services, and shared recreational facilities.
Marshfield	Joint purchase of boiler insurance and shared grant writer position (in the works).
New Richmond	Purchase of bulk salt and sand for parking lots and sidewalks.
Oshkosh Area	Purchase of bulk salt for parking lots and sidewalks; gasoline for vehicles and grounds equipment; diesel fuel for trucks, backhoe, and end loader.
Pittsville	Purchase of bulk salt for parking lots, sidewalks, and roads; and asphalt repairs.
Stevens Point	Purchase of bulk salt for parking lots and sidewalks.
Sturgeon Bay	Purchase of bulk salt for parking lots and sidewalks.
Sun Prairie	Purchase of bulk salt for parking lots and sidewalks.
Waunakee Community	Purchase of bulk salt.
Wausau	Purchase of bulk salt and sand for driveways, parking lots, and sidewalks.
Wisconsin Rapids	Purchase of bulk salt for parking lots and sidewalks, and joint purchase of baseball diamond supplies.